

SIEMENS

Siemens Industries, Inc.
20 Murray Hill Pkwy
Suite 140
East Rutherford, NJ, 07073

Phone: 831-603-8124
Fax: 831-874-1068
Email: nicholas.boncore@siemens.com

TO: HI Tech Pharmacal
369 Bayview Ave
Amityville, NY 11701
Attn: John Larosaa
Phone: 631-789-8228 ext.4169
E-mail: jlarosaa@hitechpharm.com

Proposal #	NE122612A
Date:	12/26/12
Reference:	PW 400 redundant system
Terms:	Net 30
FOB:	PPD / ADD Point of Origin
Price Firm	60 days
Shipment Date:	11-13 weeks after order acceptance
Sales Rep.	Nicholas Boncore

Hello John,

Thank you very much for your inquiry regarding the EPV 50 to provide USP water in parallel with existing PW400 USP water system.

EPV™ System Benefits:

- Fast delivery with pre-manufactured systems
- Easy installation / skid mounted systems
- UL Listed and Seismic Zone 4 compliant
- Variety of piping selections
- Optional Factory Acceptance Test
- USP Purified Water

Siemens Water Technologies has developed a comprehensive water system product line tailored to clients requiring validation level documentation. The Economical, Pre-Packaged, Validate-able (EPV) High Purity Water Systems offer a complete water system package that meets the Bio-Pharmaceutical marketplace. The EPV SDI Series designation refers to a factory assembled water purification system. These systems utilize the Siemens Water Technologies S&P (Service & Products) organization to supply the purification exchange technology. Each system will be comprised of a single skid mounted assembly including an integrated PLC based control panel that allows safe operation of the system with water quality readout.

Mechanical Description:

A 316 L Stainless Steel frame supports the systems' major components. These frames are configured to provide maximum support for the EPV SDI Series system components while allowing access for maintenance and operation. The EPV SDI Series systems are supplied as single skids. While all pre-treatment piping is schedule 80 PVC, the product plumbing is offered in 316 Sanitary Stainless Steel. Support brackets and convenience outlets for TOC monitors will be included.

Electrical & Operational Description:

The main control panel for the EPV systems features an Allen Bradley Micro Logix 1200 PLC, motor starter, control transformer, power disconnect and assorted switches, indicators and fuses. The enclosure is NEMA 4 steel construction and is mounted to the skid framework. All control interconnecting wiring is complete from the instruments to the control enclosure.

The client provides a source of 480 VAC, 3 phase, power to the panel. A 500VA control transformer provides 115V power for the instrumentation, PLC, UV light, and convenience outlet. The control system is pre-wired and functionally tested prior to shipping.

Piping	Rath 316L 180 Grit ID Non-Electropolished Tube with Topline 180 Grit ID Polish, 316L weld and TC fitting or equal. TC Connections only (no threads or flanges)
Isolation Valves	TopFlow sanitary diaphragm valves or equal, 316SS, 180grit ID/OD on stainless systems. 84L3-09-1B-15
Sample Valves	Cassella or equal sanitary sample valves. 1TC14-1"

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Pressure Gauge	Ashcroft #25-1032S-15L-XC4LLLJ-100#" or equal, 2" dial, SS, 0-100 PSI, TC with sanitary diaphragm; Factory calibration certificates
Resin Pines (RP) Filter	Single or Multi-Round 316L SS Steel housing code "O"
RP Filter Cartridge	1 Micron Roguard FCRO Series elements or equal
Check Valve	Sanitary SS B45MP-1.5"
Pressure Switch	Sanitary Ashcroft or equal
Pump	Grundfos, sanitary, 316SS, TC
Conductivity Probe	Thermiton 243-203 Sanitary Probes with 10' Patch Cords
Back Pressure Valve	Jensen #D6QRTTHMP Series 615 or equal
Bacteria Destruct UV	Aquafine Sanitary
Final Filter (FF)	316L Sanitary SS Housing
FF Filter Cartridge	Pall Corp FCVH 0.2-Micron Validated Filter Cartridge
TOC Destruct UV	Aquafine Sanitary

Documentation:

Operating and Maintenance Manual to include:

- Piping and Instrumentation Diagram
- Skid plan and elevation drawings
- Electrical wiring schematic
- Recommended Layout
- System and component specifications
- Installation instructions
- Start-up instructions
- Cleaning and sanitization procedures
- Troubleshooting Guide
- Manufacturer's data sheets
- Daily and weekly log sheets
- Recommended spare parts
- IQ Verification Data Sheets
- OQ Verification Data Sheets
- Note: Pricing for Validation Protocols/Execution is shown in optional services.
- Standard Operating Procedures
- PLC program on CD-ROM

Equipment: EPV - 50

EPV 50 Equipment, Engineering and Base Documentation.....\$123,290.00 ✓

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Project Management and Start-up Services:

Project Management

Siemens project manager will oversee equipment ordering, monitor production schedules, arrange delivery, supply relevant drawings, confirm site preparedness, schedule start-up and deliver start-up report and deliver turn over package.

Start-Up

This includes start-up of Siemens Industry supplied equipment. This includes verification that all the equipment and controls are in working order.

Training

This includes training of the customer's operators on some theory of the Siemens Water Technologies supplied unit processes and the operation of each piece of equipment.

Sanitization

This includes sanitization of EPV skid and distribution loop.

App. Total Price for PM/Startup/Training/Sanitization\$11,789.00 ✓
 Total Project.....\$136,079.00 *EM 12/29/12*

Optional Services:

VALIDATION PROTOCOLS AND EXECUTION

Item #1	Wet FAT at our manufacturing site.....	\$4,106.00
Item #2	IQ/OQ Protocol document package (*).....	\$5,066.00
Item #3	IQ/OQ Execution by Siemens (**).	\$8,266.00
Item #4	PQ Protocol document package (**).	\$6,133.00
Item #5	PQ Execution by Siemens (***).....	<u>\$17,600.00</u>

(*) – Siemens highly recommends the purchase of the Wet FAT if the IQ/OQ Protocol is purchased. The IQ/OQ Protocol can be purchased without the Wet FAT, however, for \$5,866.00

(**) – Requires purchase of IQ/OQ Protocol

(***) – Requires purchase of PQ Protocol

TOTAL VALIDATION PACKAGE: \$41,171.00

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Super 30 Service Vessels

(Initial set of vessels included in equipment pricing)

Super vessel rent and exchange pricing:

Catalog #	Description	Exchange cost	Monthly rent
DICAR2800FNQ	Carbon 28 *	\$1,160.00	\$300.00
DIMB13000CNP	Mixed Bed Deionizer, 30cf*	\$1,050.00	\$300.00
DIMB13000CNP	Mixed Bed Deionizer, 30cf*	\$1,050.00	\$300.00
DIMB13000CNP	Mixed Bed Deionizer, 30cf*	\$1,050.00	\$300.00

Estimated annual running cost for Super Service Vessels:

Our minimum exchange frequency is every 45 days for the mixed bed deionizer. A blanket order for service should be issued to include the following items:

Catalog #	Description	# Exchanges	Unit Price	Total Price
DICAR2800FNQ	Carbon 28 *	2	\$1,160.00	\$ 2,320.00
DIMB13000CNP	Mixed Bed Deionizer, 30cf*	52	\$1,050.00	\$ 54,600.00
RENTAL	Carbon / Mixed Bed Tank Rental	monthly	\$1,200.00	\$ 14,400.00

Estimated Annual Total* \$ 71,320.00

*Based on current city water quality (124 PPM TDS):

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Payment Terms and Delivery

Equipment:

- (1) One PO for the equipment (\$123,290.00), plus options, if chosen
50% billed upon Acceptance of Purchase Order (contingent upon Siemens Industry, Inc. technical and contractual review).
50% billed upon Equipment Shipment.
Net 30 Days.

PM/Startup/Training/Sanitization:

- (1) One PO for PM/Start-up/Training/Sanitization (\$11,789.00).
- (2) Net 30 days after completion.

Post-Commissioning Services:

- Monthly or event driven billing.
Net 30 Days.

- All prices within this proposal do not include any taxes, duties or shipping costs.
Freight terms are ex works, point of manufacture, freight prepay and add.

- Estimated Equipment Delivery: 11-13 weeks after acceptance of purchase order (AAPO).

Estimated Project Schedule (No Submittal Package)

- Order Review and Acceptance: 1 - 2 weeks ARO (after receipt of order).
- Ship Equipment: 11-13 weeks AAPO.
- Start-Up and Acceptance: 1 - 2 weeks after complete installation.

This proposal is valid for 60 days from the date of this proposal.

PLACING AN ORDER

To place an order, please submit your purchase order to:

Siemens Industry, Inc.
20 Murray Hill Parkway
Suite 140
East Rutherford, NJ 07073

Please recognize that PO acceptance may be delayed if previously un-reviewed documents are part of the PO. An example of such documents would be new Technical Specifications or Terms and Conditions.

Siemens may at any time assign, transfer or subcontract this Agreement, in whole or in part, or rights and obligations thereunder to affiliates or third parties without the consent of Hitech Pharmacal. Upon such assignment, Siemens shall be released from all assigned obligations.

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System Utilities and Site Assumptions

Cold Influent Process Water Pressure Min / Max Temperature Min / Max Flow Rate Normal / Max Connection Available	Municipal Source Water 60 / 80 psig 50 / 80 deg F 40 / 50 GPM 2" NPT connection cold water
System Waste Water Pressure Min / Max Temperature Min / Max Flow Rate Normal / Max Connection Available	Heat and/or chemical sanitization Gravity Floor Drain / 5 psig 55/ 180 deg F 0 GPM / 10 GPM 2" or sufficient flow for above
Other Ambient Air Temperature Location / area Classification Wind / Seismic Zone Electrical Power	70 - 80 deg F Indoor / Unclassified (non-hazardous) Not Applicable / UBC Zone 2A 120 VAC, 1 Phase, 60 Hz 460 VAC, 3 Phase, 60 Hz

Scope of Supply

		By Others	By Siemens
1	Development of Process @ Instrumentation Diagrams (P&ID) and General Arrangement drawing within 2 weeks of order acceptance.		X
2	Submittals		N/A
3	Equipment in accordance with proposal and above documentation		X
4	Installation supervision	X	
5	Heavy equipment (forklift, manlift, crane, etc...)	X	
6	Equipment Off Loading	X	
7	Equipment Placement	X	
8	All plumbing utilities (Valved feedwater, floor drain) to be within 5' (unobstructed) from the system connection points and sized per P&ID design pressure and flow.	X	
9	All equipment interconnecting piping material & labor	X	
10	Full load electrical power (with disconnect switches) and terminations at local panels and receptacles	X	
11	All interconnecting control wiring labor and materials between skids and components with the confines of the system	X	
12	Labor for loading filters, media, membranes, etc.,		X
13	Expendables such as chemicals, salt, etc., for initial startup		X
14	System startup		X
15	Complete startup data documents		X

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16	Operator training		X
17	Off-site and/or special analytical testing	X	
18	Distribution Loop Installation	X	
19	System and loop sanitization		X
20	Initial distribution loop passivation	X	
21	Demolition and removal of existing equipment	X	

Standard Exclusions

The following is a list of items not normally included with our equipment or assembly and startup services. They are only included if specifically stated otherwise in writing:

- Permits, building inspections, taxes or duties.
- Indoor location for equipment with suitable heat, light and ventilation.
- Civil or concrete work.
- Core drilling or wall penetrations.
- Floor drains, adequately sized and located.
- Weekend or non-day shift work.
- Union or licensed plumbing labor or labor subject to prevailing wage determinations.
- Water main.
- Back-flow preventer(s).
- Electrical load center(s).
- Water heater(s).
- Insulation or heat tracing.
- Gas lines.
- Storage of equipment.
- Demolition, disposal or other work related to existing equipment.
- Field labeling of components or piping.
- Validation assistance or (IQ/OQ/PQ) services.

Software licenses for programming by others of any supplied PLC or HMI components

Please let me know if you have any questions, or need additional information.

Best Regards,
Nick Boncore
Account Manager
Siemens Industries Inc.
20 Murray Hill Parkway - suite 140
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Fax 201-631-9450
VM 201-631-9338 ext 537
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Siemens Industry, Inc. Standard Terms and Conditions

1. **Applicable Terms.** These terms govern the purchase and sale of the equipment ("Equipment"), the lease of any leased equipment ("Leased Equipment") and the provision of any services ("Services") provided by Seller as referred to in Seller's quotation, proposal, specifications or acknowledgment, as the case may be ("Seller's Documentation"). Whether these terms are included in an offer or an acceptance by Siemens Water Technologies Corp. ("Seller"), such offer or acceptance is conditioned on Buyer's assent to these terms. Seller rejects all additional or different terms in any of Buyer's forms or documents.
2. **Payment.** Buyer shall pay Seller the charges for Equipment, Leased Equipment and Services as set forth in Seller's Documentation. Unless Seller's Documentation expressly provides otherwise, freight, storage, insurance and all taxes, duties and other governmental charges relating to the Equipment, Leased Equipment and Services shall be paid by Buyer. If Seller is required to pay any such charges, Buyer shall immediately reimburse Seller. All payments are due within thirty (30) days after receipt of invoice unless otherwise quoted by Seller. Buyer shall be charged the lower of 1 1/2% interest per month or the maximum legal rate on all amounts not received by the due date and shall pay all of Seller's reasonable costs (including attorneys' fees) of collecting amounts due but unpaid. All orders are subject to credit approval.
3. **Delivery of Equipment, Leased Equipment and Provision of Services.** Delivery of the Equipment and Leased Equipment shall be in material compliance with the schedule in Seller's Documentation. Unless Seller's Documentation provides otherwise, Delivery terms are F.O.B. Seller's facility. Seller shall provide Services in accordance with the Seller's Documentation during normal business hours unless otherwise specified in such Seller's Documentation. Services requested or required outside of these hours will be charged at Seller's then-current schedule of rates including overtime charges, if applicable, and will be in addition to the charges outlined in the Seller's Documentation. To the extent additional services outside the scope itemized in the Seller's Documentation are requested ("Additional Services"), Seller shall provide Additional Services at its then-current standard time and material rates and terms and conditions unless otherwise agreed in writing by Seller.
4. **Ownership of Materials.** All devices (other than the Equipment), designs (including drawings, plans and specifications), estimates, prices, notes, electronic data and other documents or information prepared or disclosed by Seller, and all related intellectual property rights, shall remain Seller's property. Seller grants Buyer a non-exclusive, non-transferable license to use any such material solely in connection with Buyer's use of the Equipment, Leased Equipment and provision of Services hereunder. Buyer shall not disclose any such material to third parties without Seller's prior written consent.
5. **Changes.** Seller shall not implement any changes in the scope described in Seller's Documentation unless Buyer and Seller agree in writing to the details of the change and any resulting price, schedule or other contractual modifications. This includes any changes necessitated by a change in applicable law occurring after the effective date of any contract including these terms.
6. **Warranty.** Seller warrants to Buyer that the (i) Equipment and Leased Equipment shall materially conform to the description in Seller's Documentation and shall be free from defects in material and workmanship and (ii) Services shall be performed in a workmanlike manner using qualified personnel. If Buyer gives Seller prompt written notice of breach of this warranty (i) for Equipment: within eighteen (18) months from delivery of the Equipment, or Leased Equipment or one (1) year from acceptance, whichever occurs first and/or (ii) for Services: within ninety (90) days from the date the service is provided; ("Warranty Period"), Seller shall, at its sole option and as Buyer's sole remedy, repair or replace the subject Equipment and Leased Equipment parts, or re-perform any non-conforming portion of the Services or refund the charges paid therefor. If Seller determines that any claimed breach is not, in fact, covered by this warranty, Buyer shall pay Seller its then customary charges for any repair, replacement or re-performance made by Seller. Seller's warranty is conditioned on Buyer's (a) operating and maintaining the Equipment and Leased Equipment in accordance with Seller's instructions, (b) not making any unauthorized repairs or alterations, and (c) not being in default of any payment obligation to Seller. Seller's warranty does not cover consumable or expendable goods (such as, for example and not by way of limitation, activated carbon, filter cloth, pump diaphragms and filters) and damage caused by chemical action or abrasive material, misuse or improper installation (unless installed by Seller). THE WARRANTIES SET FORTH IN THIS SECTION ARE SELLER'S SOLE AND EXCLUSIVE WARRANTIES. SELLER MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE, ALL OF WHICH HEREBY ARE EXPRESSLY DISCLAIMED BY SELLER.
7. **Indemnity.** Seller shall indemnify, defend and hold Buyer harmless from any claim, cause of action or liability incurred by Buyer as a result of third party claims for personal injury, death or damage to tangible property, to the extent caused by Seller's negligence. Seller shall have the sole authority to direct the defense of and settle any indemnified claim. Seller's indemnification is conditioned on Buyer (a) promptly, within the Warranty Period, notifying Seller of any claim, and (b) providing reasonable cooperation in the defense of any claim.
8. **Force Majeure.** Under no circumstances shall either Seller or Buyer have any liability for any breach (except for payment obligations) caused by extreme weather or other act of God, strike or other labor shortage or disturbance, fire, accident, war or civil disturbance, delay of carriers, failure of normal sources of supply, change in law or other act of government or any other cause beyond such party's reasonable control.
9. **Cancellation.** If Buyer cancels or suspends its order for any reason other than Seller's breach, Buyer shall pay Seller for work performed prior to cancellation or suspension and any other direct costs incurred by Seller as a result of such cancellation or suspension.
10. **Leased Equipment.** Any Leased Equipment provided by Seller shall at all times remain the property of Seller with the exception of certain miscellaneous installation materials purchased or provided by Buyer, and no right or property interest is transferred to the Buyer hereunder, except the right to use any such Leased Equipment as provided herein. Buyer agrees that it shall not, nor shall it allow a third party, to pledge, lend, place a lien against or create a security interest in, part with possession of, or relocate such Leased Equipment. Buyer agrees that it will indemnify Seller against breaches of the terms of this Section 10. Buyer will be responsible to maintain such Leased Equipment in good and efficient working order. Upon expiration or termination of this Agreement, Buyer shall promptly make any Leased Equipment available to Seller for removal. Buyer hereby agrees that it shall grant Seller access to the Leased Equipment location during and after the term of any applicable lease and shall permit Seller to take possession of and remove such Leased Equipment without resort to legal process and hereby releases Seller from any claim or right of action for trespass or damages caused by reason of such entry and removal.

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11. Miscellaneous. If these terms are issued in connection with a government contract, they shall be deemed to include those federal acquisition regulations that are required by law to be included. These terms, together with the Seller's Documentation, comprise the complete and exclusive statement of the agreement between the parties (the "Agreement") and supersede any terms contained in Buyer's documents, unless separately signed by Seller. No part of the Agreement may be changed or cancelled except by a written document signed by Seller and Buyer. No course of dealing or performance, usage of trade or failure to enforce any term shall be used to modify the Agreement. If any of these terms is unenforceable, such term shall be limited only to the extent necessary to make it enforceable, and all other terms shall remain in full force and effect. Buyer may not assign or permit any other transfer of the Agreement without Seller's prior written consent. This Agreement shall be binding upon and inure to the benefit of Seller's affiliates and permitted successors and assigns. The Agreement shall be governed by the laws of the state of Delaware without regard to its conflict of laws provisions.
12. Limitation of Liability. NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR OTHER INDIRECT DAMAGES, AND SELLER'S TOTAL LIABILITY ARISING AT ANY TIME FROM THE SALE OR USE OF THE EQUIPMENT, LEASED EQUIPMENT AND/OR SERVICES SHALL NOT EXCEED THE PRICE PAID TO SELLER THEREFOR. THESE LIMITATIONS APPLY WHETHER THE LIABILITY IS BASED ON CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY.

Accepted by: _____
Print: EVAC MAREZ (Buyer)
Date: 12/22/12